

18 April 2025

Eyeopener

Upside revision of GDP

Today no key data releases, reduced market activity
 Quarterly GDP data for 2024 revised slightly higher, investment growth slashed
 ECB cut rates by 25bp, sees the tariff wars effect on inflation as still uncertain
 Zloty stable, domestic bond yields a bit lower

Today, there are no significant releases or events on the economic calendar. Financial markets are expected to operate slowly due to a holiday in some countries.

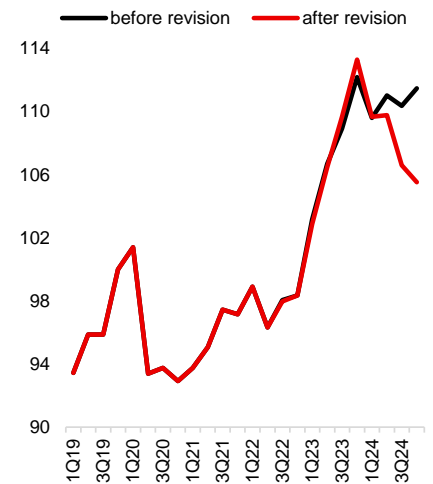
Polish stats office revised quarterly GDP data for 2023-2024. Real GDP growth in 2024 was kept at 2.9% nsa, 2023 was moved from 0.1% to 0.2%. There were only positive revisions to quarterly growth rates, with 3Q24 now at 2.8% y/y (up from 2.7%) and 4Q24 at 3.4% y/y (previously 3.2%). The seasonally adjusted q/q growth in 4Q24 was also shown higher, 1.4% (1.3% before the revision). The upside 4Q24 revision was based on higher than previously reported domestic demand growth, 5.3% y/y vs. 4.8%, which in turn stemmed from higher public consumption (7.6% y/y instead of 3.0%) and inventory changes (growth contribution up 1.6pp to 3.4pp), while fixed investment was slashed from 1.3% y/y to -6.9% y/y. Private consumption growth was left at solid 3.5% y/y. The revised GDP path for the last two years looks like a mixed message for the MPC, but in our view should not prevent or delay rate cuts. The collapse of investment in 2H24 that was not present in the data before the revision might support a decision to ease monetary policy, while the upgrade of domestic demand growth above 5% y/y was based on public consumption and inventory buildup which are not crucial from the perspective of internal inflationary pressure. We expect the MPC to deliver a 50bp rate cut already at the May meeting.

The ECB's Governing Council cut interest rates by 25 bp, including the main refinancing operations rate to 2.40%. The new level of interest rates was no longer described as restrictive, as had been done previously. In the press release it was noted that rising trade tensions had worsened the outlook for economic growth and that the adverse and volatile market reaction to changes in trade policy could lead to tighter financing conditions. During the conference following the Council's decision, ECB President Christine Lagarde added that rising trade tensions were adding uncertainty to the inflation outlook.

Despite temporary fluctuations, **the EURPLN exchange rate ended Thursday's session close to its opening level**, slightly below 4.28. The Hungarian forint and the Czech koruna depreciated slightly against the euro, by c. 0.1%. The US dollar appreciated against the euro overnight from Wednesday to Thursday, sending the EURUSD down by more than 0.3%, below 1.14. The EURUSD then remained in a sideways trend throughout the day.

Polish bond yields fell by 4-5 bp on Thursday. Yields also fell in Germany, by 3-6 bp, more at the short end of the curve. In the USA, yields changed only marginally. Domestic IRS rates fell by around 4 bp across the curve and FRA rates declined by 3-5 bp, a little more strongly at the long end of the curve. Following the ECB's decision and communication, markets gently raised expectations about the scale of further monetary easing in the euro area this year. The probability implied from money market contracts that the ECB will deliver further 75 bp rather than 50 bp of cuts has moved from 1/3 to around 2/3.

Fixed investments, 4Q19=100, seasonally adjusted



Source: GUS, Santander

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FX market

Today's opening

EURPLN	4,2736	CZKPLN	0,1703
USDPLN	3,7603	HUFPLN*	1,0389
EURUSD	1,1371	RONPLN	0,8593
CHFPLN	4,5916	NOKPLN	0,3588
GBPPLN	4,9885	DKKPLN	0,5725
USDCNY	7,2970	SEKPLN	0,3903

*for 100HUF

Last session in the FX market 17.04.2025

	min	max	open	close	fixing
EURPLN	4,2679	4,2920	4,2783	4,2829	4,2879
USDPLN	3,7563	3,7781	3,7655	3,7708	3,7684
EURUSD	1,1334	1,1388	1,1361	1,1363	

Interest rate market

17.04.2025

T-bonds on the interbank market**

Benchmark (term)	%	Change (bps)
PS0527 (2L)	4,36	-7
PS0130 (5L)	4,74	-4
DS1034 (10L)	5,26	-4

IRS on the interbank market**

Term	PL		US		EZ	
	%	Change (bps)	%	Change (bps)	%	Change (bps)
1L	4,52	-2	4,13	2	1,98	-5
2L	4,08	-4	3,83	1	1,90	-4
3L	3,96	-4	3,77	2	1,98	-4
4L	3,97	-4	3,79	3	2,08	-4
5L	4,00	-5	3,83	3	2,17	-3
8L	4,21	-5	3,99	5	2,39	-2
10L	4,36	-5	4,07	5	2,49	-1

WIBOR rates

Term	%	Change (bps)
O/N	5,83	10
T/N	5,83	3
SW	5,83	1
1M	5,77	-2
3M	5,54	0
6M	5,20	-2
1Y	4,99	0

FRA rates on the interbank market**

Term	%	Change (bps)
1x4	5,15	-6
3x6	4,45	-4
6x9	4,04	-3
9x12	3,78	-4
3x9	4,24	-4
6x12	3,88	-3

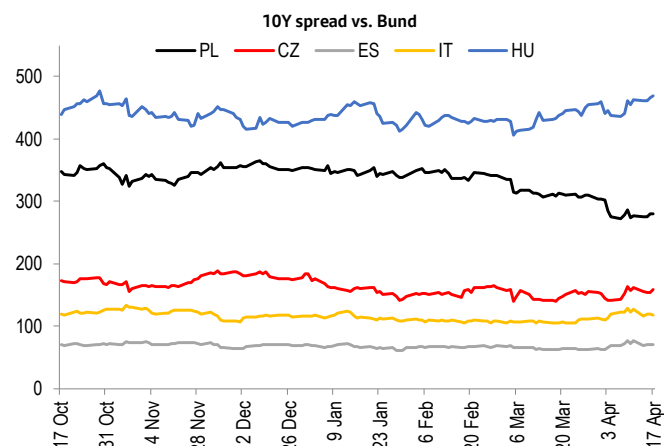
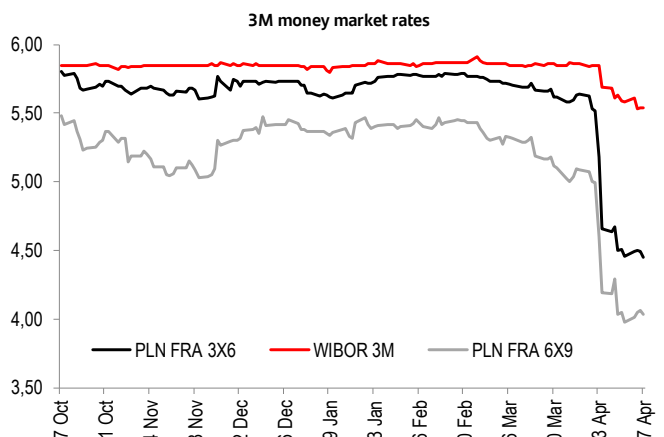
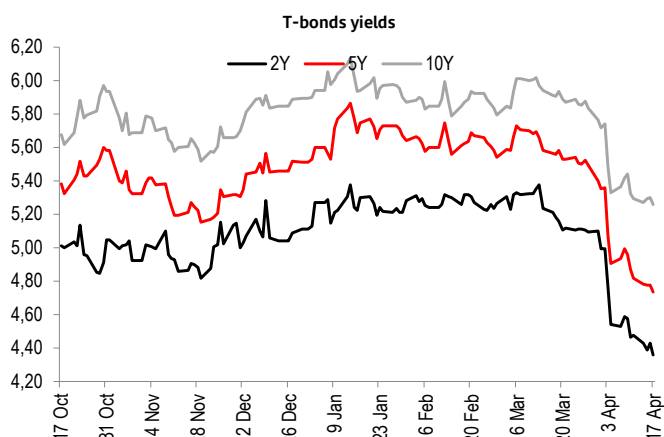
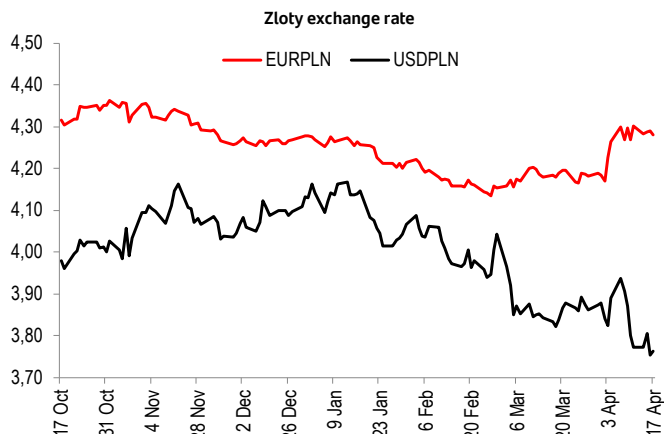
CDS rates and 10Y yield spread vs. German Bund

Country	CDS 5Y USD		10Y spread*	
	Level	Change (bps)	Level	Change (bps)
Poland	74	-2	279	0
France	22	0	77	1
Hungary	138	-2	470	4
Spain	38	-1	70	0
Italy	27	-1	118	-1
Portugal	19	0	59	-1
Ireland	15	0	37	0
Germany	9	0	-	-

* 10Y treasury bonds over 10Y Bunds

**Information shows bid levels on the interbank market at the end of the trading day

Source: LSEG, Datastream



Calendar of events and publications

TIME CET	COUNTRY	INDICATOR	PERIOD	FORECAST		ACTUAL VALUE	LAST VALUE*	
				MARKET	SANTANDER			
FRIDAY (11 April)								
08:00	DE	HICP	Mar	% m/m	0.4	-	0.4	0.5
14:00	PL	Current Account Balance	Feb	€mn	-680	-636	-220	558
14:00	PL	Trade Balance	Feb	€mn	-1 650	-2 062	-919	-1 208
14:00	PL	Exports	Feb	€mn	27 506	26 707	27 240	27 533
14:00	PL	Imports	Feb	€mn	28 970	28 769	28 159	28 741
16:00	US	Michigan index	Apr	pts	53.5	-	50.8	57.0
MONDAY (14 April)								
No data releases								
TUESDAY (15 April)								
10:00	PL	CPI	Mar	% y/y	4.9	4.9	4.9	4.9
11:00	EZ	Industrial Production SA	Feb	% m/m	-0.5	-	1.1	0.6
11:00	DE	ZEW Survey Current Situation	Apr	pts	-86.8	-	-81.2	-87.6
WEDNESDAY (16 April)								
11:00	EZ	HICP	Mar	% y/y	2.2	-	2.2	2.3
14:00	PL	CPI Core	Mar	% y/y	3.5	3.5	3.6	3.6
14:30	US	Retail Sales Advance	Mar	% m/m	1.4	-	1.4	0.2
15:15	US	Industrial Production	Mar	% m/m	-0.2	-	-0.3	0.8
THURSDAY (17 April)								
10:00	PL	Revised GDP data for 2023-2024						
14:15	EZ	ECB Main Refinancing Rate	Apr	%	2.40	-	2.40	2.65
14:30	US	Initial Jobless Claims	weekly	k	225	-	215	224
14:30	US	Housing Starts	Mar	% m/m	-5.4	-	-11.4	9.8
FRIDAY (18 April)								
No data releases								

Source: Santander Bank Polska, Reuters, Parkiet, Bloomberg

* in the case of a revision the data is updated

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